State of New York

Request for Comment
Interim/Draft Plan of Action to Implement Public Law 106-107,
The Federal Financial Assistance Management Improvement Act of 1999

The following comments are provided to the U.S. Department of Health and Human Services concerning the effectiveness, performance and streamlining of Federal programs.

Follow-up questions may be sent to:
> Assistant Director, Accounting Operations, Office of the State Comptroller

> Senior Budget Examiner, Administration Unit, Division of the Budget

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I.   Application and Reporting Forms

A. Please identify application and reporting forms you believe could be improved or streamlined.

1.   Payment Management System (PMS) reports that are filed over the Internet still require original signature approval, therefore an additional (signed) copy must be mailed. We recommend <u>eliminating</u> the hard copy requirement and making this process totally electronic by adding an on-line feature to allow for approval via electronic signature.

2.   Federal Emergency Management Agency (FEMA) grants (Emergency Management Performance, Anti-Terrorism, Disaster Assistance and Recovery, and Community Assistance grants) are administered by the New York State Emergency Management Office (SEMO). For each of these grants, SEMO must complete the following forms:

- SF- 424, Application for Federal Assistance with a detailed written Budget Narrative;

- SF- 424B, Budget Information - Non-Construction Programs and Non-Construction Program Certification;

- FEMA Form 20-16, Summary Sheet for Assurances and Certifications;

- SF- LLL, Disclosure of Lobby Activities; and

- FEMA Form 20-16C, Certification Regarding Lobbying, Debarment, Suspension and Other Responsibility; and Drug-Free Workplace.

Every time the President declares a disaster, all of these forms must be completed. One certification should be sufficient for the entire Federal fiscal year. In the past SEMO has certified these forms with FEMA at least six times in one Federal fiscal year. We recommend that recipients be required to submit these forms only once for each new Federal fiscal year, rather than with each grant application.

3.   The NYS Office of Children and Family Services (OCFS) uses the Financial Status Report SF-269 form for discretionary grants.   We recommend the following changes be made to this form:

- Box #5 entitled "Recipient Account Number or Identifying Number" could be eliminated for our purposes. We provide the Federal Government the grant number and the Employer Identification number to identify the grant to them.

- The SF-269 Financial Status Reports usually accompanies a new grant for each grant year. State agencies either make copies of the form or have replicated the form with locally used software so they can be completed and printed for submission, when required.   The USDOL Employment and Training Administration (ETA) makes the SF-269 available via the Internet through the ETA Grantee Reporting System. We are required to complete the report through the ETA system, as well as to submit hard copies. We recommend electronic filing be permitted for these forms and elimination of the hard copy requirement.

- For some of our programs, filing the SF-269 electronically would be very helpful. However, this would not be of much benefit for our Older Americans Act programs, for which we are also required to complete supporting schedules that provide much more detailed information on expenditures and obligations. Supporting schedules should also be available for electronic filing.

- The financial reporting form prepared for the Foster Care and Adoption Assistance Program is the ACF-IV-E-1 form. This form is specific to the Foster Care and Assistance programs and was recently revised in July 1999.   The form is designed adequately and has been used over the past year with reasonable ease. We recommend no further revision of this form at this time.

- The financial reporting form used for the Child Care Development Fund Program is the ACF-696 form. The form is very detailed and it is very time consuming to provide expenditures made by claiming category. Detailed information must be extracted from the State's accounting system for each year of the program and the type of cost involved must be identified and properly categorized. The most burdensome and confusing part of this report is finding a way to insure that we have properly picked up all the obligation information and the MOE amounts. This report is for a block grant, but there are more stringent reporting requirements for this grant than for other grant types. We recommend simplification of this form.

- Currently, the grant award for the Child Care Development Fund (CCDF) program is received in three separate allocations, with two different CFDA numbers. This makes it very burdensome to account for CCDF grants and difficult to explain the grant activity to the State's Single Auditors.

- The Application for Federal Assistance (Form 424) and Budget Information – Non-construction Programs (Form 424B) are used for model project funding received through the Administration on Aging (AOA) as well as for grants from the US Department of Labor and Health Care Financing Administration. These forms have been set up in locally used software so they can be completed and printed for submission.   We recommend these forms be made available for electronic filing.

B. Please identify specific data elements on these forms that you believe could be eliminated or combined to reduce reporting burden while still providing the Federal agency enough information to manage the program.

1.   Capitalization/depreciation levels are not consistent.   OMB Circular A-87 uses $5,000, while public welfare programs use $25,000. We recommend the level be consistently applied at the higher amount.

2.   The United States Department of Education (US DOE) requires a restricted indirect cost rate in

the Early Intervention Program.   This requires a separate calculation and proposal to the Federal Government for indirect cost rates, and a different allocation base than the ones used for other programs. We recommend the Federal Government adopt a standard that would allow States to use consistent allocation methods across different Federal agencies and adopt techniques for indirect cost rates, which can be universally applied to all Federal programs.

C. What programs do you think could share common application and reporting forms that currently do not? Do not limit your response to programs within the same agency. For example, if there are programs administered by the Department of Agriculture and the Department of Health and Human Services that you believe should share common forms because they share a similar purpose, please identify them.

1. SEMO works primarily with FEMA but also receives a US Department of Transportation (US DOT) grant annually and an occasional Environmental Protection Agency (EPA) grant. FEMA, DOT, and EPA have different drawdown, application and reporting requirements. Most of these different requirements are agency specific. Although the application process for EPA and US DOT is not of the level of activity that negatively affects SEMO, it is administratively burdensome to manage multiple payment and grant management systems.

2. With respect to US DOE reporting, the SF-269 is generally used when a financial status report is required. However, some grant offices rely on the electronic Education Grants Administration and Payments System (EDGAPS) data and do not require SF-269s. Other offices require either an annual or quarterly report as well as program performance data. We recommend reporting and payment management functions be made consistent and electronic for all Federal programs.

D. How do you obtain copies of the forms you need for your grant? Are they readily available over the Internet, or are they provided in materials you received from your awarding agency, such as a funding notice or handbook? What forms have been difficult to locate in updated formats?

1. Copies of forms are obtained by a variety of means. Formats vary among Federal agencies as well as within individual Federal agencies. Some are available electronically, via the Internet or e-mail, some are available on diskettes or CDs, and others are available only in hard copy. We recommend that all forms, instructions, reporting requirements, contacts, phone numbers, e-mail addresses, etc. be available on the Internet, and that all grant applications be submitted on-line. Electronic signatures, PINS, and other security features should be utilized.

2. Original signatures are required by several Federal agencies for many reports.   Electronically transmitted forms/reports should not require duplicative submission of hard copy.

II.   Terms and Conditions

A. What terms and conditions are attached to your grants that you believe are not treated consistently from program to program, and across the various Federal agencies?

1. Terms of grants vary from one to five years.   Concerns have been raised in relation to grants issued for shorter time periods. Some grants allow only two years to obligate and liquidate grant funds, which can be problematic.   Other grants have five-year terms.   We recommend consideration be given to providing longer, standard grant terms and liquidation periods (i.e. 5 years).

2. For example, most FEMA grants provide for a term of 12 months from the date of approval to completion. For the past two Federal fiscal years, FEMA did not approve or provide funding to the State until January, yet activity for these grants was still required to be completed by Sept.

30. This required the State to complete 12 months of activity in 9 months.

3.   Additionally, FEMA recently completed an extensive audit of the Disaster Assistance and Recovery Programs in NYS. During the audit, SEMO staff discussed with the audit team certain program guidelines that conflict with FEMA's Office of Financial Management Guidelines. The auditors agreed that FEMA needs to address the issue of program and financial guidelines that do not support each other.

4.   We recommend that the due date for Final Financial Status Reports be extended to 120 days after the grant end date, instead of the current 90-day requirement. Under the current 90-day requirement, the due date for the final report and the last date to liquidate obligations are the same. This does not provide sufficient time to get the required financial information from the State's accounting system once the obligations are liquidated.

5.   Grant awards typically reference "applicable regulations".   We recommend the regulations that apply be listed on the grant award.

B.   How would you suggest the agencies create more uniformity in these terms and conditions?

1.   Standardize generic terms, conditions and clauses.

2.   A single set of terms and conditions (at least standard ones such as those regarding lobbying, drug-free workplace, etc) should be permitted to be filed and available for all applications submitted by a recipient.

3.   Whenever feasible, standard requirements for the grant application process and the financial management requirements need to be established.

III. Payment Systems

A. What payment systems are you currently required to use to receive grant payments?

Please see Attachment A.

B. Which of these systems offer on-line services?

Please see Attachment A.

C. Does the use of multiple payment systems by Federal agencies cause a burden on your financial system?

Yes.   The Federal Government should continue efforts to consolidate and streamline various systems. Multiple systems are administratively burdensome and present difficulties for training staff, and for maintaining systems developed to utilize such information.

1.	Difficulties result due to implementation of periodic upgrades as proprietary software is changed by Federal agencies. In the past, the State has been unable to request funds during conversion periods ranging from a couple of days to a couple of weeks, due to installation of new systems and/or upgrades. Estimates were required to be developed and Cash Management Improvement Act (CMIA) concerns needed to be addressed.

2.	Systems that do not permit multiple users with different access levels are burdensome. Multiple users should be permitted access to allow recipient State agencies to view and query these systems so they can better monitor the grant awards. View only access is currently not available on DHHS' Federal Cash Transactions Reports (PMS-272/PCS-272) or DOE's EDGAPS.

3.	NYS Education Department (SED) occasionally is required to mail cash request forms (SF-270) to the US Department of Interior and National Historical Publication and Records Commission (NHPRC). Cash requested on these forms is not received timely. We recommend procedures for requesting cash should be consistent and electronic for all requests.

4.	CONSOLIDATED SYSTEMS AND PROCESSES

Proliferation of Federal grant and payment management systems that do not satisfy the spirit and intent of the Act and CFO Council recommendations should be prohibited since this is contrary to the overall goal of minimizing the burden imposed on Federal grant recipients who draw funds from various Federal departments and agencies. We welcome the development of uniform administrative rules and common applications for managing and reporting on the use of Federal grant funds.   However, we are concerned that this initiative has not been effectively communicated to all Federal agencies since attempts to design and implement common systems, including electronic processes, have been inadequate. For example: In 1999, NYS was informed by U.S. Housing and Urban Development (HUD) staff that HUD will use one of the two proposed standard systems [Automated Standard Applications for Payments (ASAP) or Payment Management System (PMS)] for grant and payment management, but will still use its own system(s) which requires, in addition to grant award number, *project-level* detail at the time a daily request for funds is processed. HUD's position is that their system(s) will ***interface*** with one of the two systems designated by the US Chief Financial Officers' Council, thereby complying with the Act. The HUD-Integrated Disbursement and Information System (IDIS) system is very complex and requires a level of reporting by project detail, at the time requests for Federal reimbursement are transmitted electronically, that is unprecedented by any other payment management system. In addition, in 1999, we were also informed that HUD plans to implement yet another new system (Distributed Grant Management System (DGMS), which was to have been integrated with IDIS over an 18-month period.   However, we have been unable to learn when NYS would be expected to convert, when training would be offered, etc. It has also come to our attention that the Environmental Protection Agency (EPA) is considering implementing a system that is modeled like HUD's IDIS which requires a level of reporting that goes far beyond award level detail. We strongly object to the proliferation of different Federal systems for Federal agencies unless electronic importing of data from the State's system into Federal systems is permitted.

5.   In 1998, NYS began to implement the Federal Department of Education's new EDGAPS. Significant time, training and resources were devoted over a 12-month period to ready NYS's payment management component of its central accounting system. Like any other system, EDGAPS has its strengths and weaknesses. Overall the system is performing as intended and opportunities to improve it have been identified and communicated to US DOE officials.

6.   US DOE has recently requested comments related to their plans to offer enhancements to permit electronic importing of data from State systems into EDGAPS.   We are pleased with their initiative and efforts to improve the EDGAPS system and will provide them directly with specific comments, but at this point it appears that the future of EDGAPS is uncertain. We are not aware, however of US DOE's selection of one of the two named systems (ASAP or PMS), as required by the Chief Financial Officers to be made by October 2000.

7.   We are also concerned that PMS and ASAP are named as the two systems which will continue to be available beyond October 2002 but we have yet to hear from Federal agencies of any integration efforts related to those systems. NYS enthusiastically supports efforts to integrate systems, and we strongly recommend that PMS and ASAP give priority to similar enhancements of their systems and collaboration with states. The use of the Internet with appropriate electronic authentication techniques offers new opportunities to expand the use of payment systems. We support such efforts in this area.

8.   The Department of Justice has implemented several new grant applications, as described below:

- **State Criminal Alien Assistance Program (SCAAP)** - The Bureau of Justice Assistance (BJA) Office of State and Local Assistance was responsible for developing and administering the website for SCAAP.   The application for SCAAP in Federal fiscal year 2000 was, for the first time, required to be an on-line submission. The State agency reports that the website was not user friendly and that there were several technical problems and program changes which made the process very difficult. The technical assistance staff at BJA were not helpful in some circumstances and provided erroneous advice in others. In fact, the first sentence of a BJA e-mail announcing the rejection of the State agency's application stated "Do not reply to this message as your reply will not reach us!"

- **Violent Offender Incarceration/Truth-in-Sentencing (VOI/TIS) -** The Office of Justice Programs (OJP) - Correctional Programs Office was responsible for administering the VOI/TIS grant program. The VOI/TIS program, like SCAAP, required an on-line application for Federal fiscal year 2000. The State agency administering this grant reported difficulties with website development and technical assistance similar to those noted with the SCAAP website. The on-line application process was so problematic that a paper application finally had to be submitted. Specifically, the data required for establishing applicant eligibility could not be sent to the VOI/TIS website. The problems with the VOI/TIS website have carried over to Federal fiscal year 2001. The FY 2001 application was due March 1, 2001. The Office of Justice Programs Grants Management System (GMS), which is the system through which the VOI/TIS application is submitted, was not functioning as of February 21, 2001. The GMS web page posted the following statement: "Applications are not being accepted at this time while system enhancements are being completed. This should be completed shortly. Please check this update section frequently". As of February 27, the OJP posted a notice on the website that due to the difficulties with GMS the deadline for submission of the application has been extended to March 30, 2001.

   The inaccessibility of the GMS website by the March 1 deadline eliminated any temporal buffer necessary to deal with technical glitches in the website.   To be safe, the State agency put together an e-mail application to get the application to the OFP by the original deadline.

- **Bulletproof Vest Program -** This program requires applications to be submitted via the Internet. The bulletproof vest website is easy to use and the BJA office responsible for

administering the program sends e-mail notifications to past grant recipients announcing fund availability and application dates. The bulletproof vest program website's user friendly system is widely recognized as a model system and was the winner of the 1999 Intergovernmental Open Systems Solution Gold Award.

IV. Audit Issues

A. What could the Federal agencies do to improve your understanding of the Single Audit process?

The Federal Government should issue additional guidelines for states to follow that clarify in plain language the expectations specifically for:

- Monitoring subrecipient activities - .320(d)(2).
- Responsibilities of for-profit subrecipients - .210(e).
- Ensuring subrecipients meet the audit requirements - .400(d)(4). (e.g. What level of review is expected? President's Council on Integrity and Efficiency (PCIE) checklist for all audits?)
- The intent of .320(e)(2) whereby a subrecipient can send a letter, in place of the reporting package, if there are no findings. How does this fit with the requirement to ensure subrecipients meet the audit requirements - .400(d)(4)?
- "Routine" findings. For example, if an entity does not value its fixed assets in accordance with GAAP and does not plan to change its method, what is the pass-through entity to do?

In addition, Federal agencies should:

- Provide better, more reliable and timely reports.
- Clearly indicate when audit issues are closed.
- Define more clearly the difference between a cognizant/oversight agency's responsibilities and that of a pass-through entity's roles and responsibilities.

B. Have you used the Single Audit Clearinghouse to obtain information on subrecipient audits?

Many State agencies report using the Clearinghouse.

C. Do you believe that single audits provide appropriate audit coverage for your programs and the programs where you are a pass- through entity?

Overall, the Single Audit Act and its implementing OMB Circular A-133 provide a level of audit coverage for Federal programs administered by New York State which is consistent with the intent of the Single Audit Act. Three State agencies expressed the following concerns:

1.   The NYS Department of Labor expressed concern related to the complexity of the JTPA compliance requirements and the effect of the various requirements on the effectiveness of single audits. The Job Training Partnership Act (JTPA) program is subject to all of the 14 general compliance requirements from OMB Circular A-133, Compliance Supplements as well as the many JTPA program specific areas. While New York's statewide Single Audit has successfully completed audits for this program, a subrecipient auditor could easily be overwhelmed by the varied and complex compliance requirements that need to be examined when performing a single audit.

2.   The NYS Department of Health recommends increasing and enhancing the types of data that must be disclosed on the Data Collection Form that is required as part of the Single Audit Act.

3.   FEMA has a concern related to the Disaster Assistance and Recovery Programs and has hired 5 audit teams nationwide to audit this program on a continuing basis. The state agency receives multiple requests for information from the various audit teams in addition to the single audit requests. The State may be able to address FEMA's concerns if the agency issues and concerns could be coordinated among the various audit staff.

V.   Electronic Processing

A. What electronic processing systems do you currently use for your Federal grants? Please note any systems you use due to Federal agency requirements, as well as any systems or technologies your organization uses for other activities.

Please see Attachment A.

B. What is the likelihood that your organization would utilize an on-line application or financial reporting system?

We would be extremely likely to use on-line application or financial reporting systems – please see Attachment A. Some of the past discrepancies between PMS and final SF-269s probably could be avoided if we could ensure accurate identification of unexpended/unobligated balances through electronic reporting.

C. How can the agencies best prepare your organization for the future use of electronic processing option for your grants?

We recommend:

1.   Continuing involvement of users during development of systems and system enhancements, advance notification of proposed changes, continued standardization efforts, and consistency among Federal agencies in the interpretation of the CFO's decision.

2.   Designation of a lead person (name, direct line and e-mail) must be established to assist with grant and drawdown problems. The EDGAPS Hotline does not meet our needs when problems are encountered. Many times we are forced to speak to numerous people, many of whom are not knowledgeable enough to assist in problem resolution. Often, many hours, days, and even

months are needed to resolve a problem. Multiple contacts at US DOE are needed based on individual grant awards.   We recommend a lead contact be designated, who would coordinate within the Federal agency to ensure a timely response.

3.   Use and promote the most current technological advancements in access and retrieval of information and data and utilize one centralized website for periodic updates on Federal agencies' efforts.

4.   As electronic applications are made available, it would be helpful if standardization occurred in areas such as single point of entry in terms of applications, technology, security considerations, etc.   Multiple methods are used with unique hardware, software, user ids, passwords, etc. Further, Federal agencies should provide states with adequate notice of transition to new methods and an opportunity for regionally based training.

5.   New York State has embarked on a project to reengineer its grant making process to not-for-profit organizations through business process redesign and the application of technology. This E-Grants Project is a multi-agency partnership involving 40 State agencies and 12 not-for-profit organizations. This high priority e-government application will involve extensive exploration into State and not-for-profit agency technical capacities as well as requirements for a system that will be easy to use. New York is also working with the Federal Inter-agency Electronic Grants Committee (IAEGC) to provide input and advice into the design of a similar Federal system, mandated by PL 106-107.

6.   Our experience to date indicates the need for system features and functionality in products developed by the Federal Government. In general, systems developed by the Federal Government for use by States and subrecipients should take into account the technical opportunities and limitations that exist throughout the nation. Therefore, we recommend that the Federal Government take the following steps:

- Survey States for technical capacity and infrastructure
- Actively involve end users in the design and testing of all new automated grant and payment systems
- Form a focus group of States to specifically discuss payment systems integration
- Launch and fund several State-level pilot initiatives to model an integrated and seamless Federal/State/local system.

7.   Specifically, any system developed by the Federal Government should contain:

- Web-based functionality with the ability to interact with State and local systems
- Full automation in a single system that covers the entire grant making process from the announcement of a grant to the final close out.
- A variety of access permissions for different types of users
- Security features
- Accessible design features
- Collaboration functionality to enable grantees and grantors to interact and also for Federal Government reviewers.
- Error checking, ticklers and status checks

- Automated e-mail alerts to recipients and "push technology" that sends periodic updates and grant announcements out to registered users
- Contextual help functions
- A registry that can be updated by authorized representatives of the registrants, is searchable and provides the ability to compile lists
- Auto archive, auto capture and auto populate features so that applicants do not have to enter information more than once.

- Electronic signatures
- Expanded "e-mail" notification to include other forms of notification for technologically disadvantaged users, and also based on "applicant profiles", not "applicant choice of information"
- Provide online forms and regulations library
- Links and/or data sharing with other Federal registration systems
- Provision for registrants to obtain file downloads of E-Grants system data for their own analysis/ manipulation
- Program requirements that encourage and fund technology (hardware, software, network, etc) as an ongoing cost of doing business
- Appropriate retention policies for electronic formats

System integration and information access

ELECTRONIC INFORMATION SHARING USING THE INTERNET

We embrace any initiative to use technology to streamline and simplify Federal financial assistance procedures. Electronic reporting has been successful in some areas and helps avoid some delays experienced with hard-copy financial status reports. A commitment from all Federal agencies is absolutely essential to avoid inefficient and cumbersome time/effort required for requesting funds at the individual award level. Integrated grant management and payment management systems that meet the State and Federal Governments' changing business needs and take full advantage of innovative technologies are absolutely essential. We recommend:

1.   Interfacing grant management systems with payment management systems to eliminate the significant delays experienced by grant recipients when Federal awards are made or changed. This will greatly improve the effectiveness, coordination and performance of those responsible for managing Federal funds since all new or revised Federal grant award notices would be transmitted electronically to grant recipients and Federal agencies who administer the two designated (ASAP or PMS) payment systems. Moreover, this will eliminate the unacceptable condition that occurs when grant recipients receive notice that an award is increased, but fails to provide timely notice to the persons responsible for managing payment management system(s). At the present time, ASAP provides daily notification to grant recipients of changes to award authorizations and this communication has been extremely helpful.

2.   Federal systems should be designed to provide multiple (password protected) levels of access for grant program managers and administrators of payment management systems. Ideally, tiered access levels would provide the ability to retrieve grant authorizations, life-to-date draws against such authorizations and balances available to persons responsible for initiating draw requests. A second level of access to view the status of award authorizations should be provided to persons responsible for State-administered Federal programs. This *view only* access will assist in the coordination among those responsible for reporting on Federal programs and the timely resolution of problems particularly if Federal systems are developed to include such pertinent information as grant award number, CFDA number, current status, changes made to award authority (history) and grant period.

3.   It is desirable that grant award data maintained by grant recipients be electronically interfaced with Federal payment systems. In NYS, the central accounting system is used to account for hundreds of Federal awards. Disbursements against such awards are reported each day and this data is entered into various Federal payment systems in order to request Federal funds. **Please see Attachment A.** HHS-PMS requires summary level data, whereas EDGAPS and numerous other systems requires specific award level disbursement data. We prefer that disbursement data from the State's system by electronically imported into Federal payment systems are designed. This would greatly improve the process by eliminating the need to data enter disbursement data needed to request Federal funds each day and in performing periodic reconciliations of disbursements by award to requests for funds. Efforts to electronically file grant

applications and reports should provide standardized automated population features.

4.   Quarterly award status reports that are presently sent electronically (PMS-272) should be made available in a format that permits electronic updating from recipient electronic files. This proposed enhancement would eliminate the need for state and Federal payment systems personnel to data enter recipient disbursement data into the system they are responsible for updating or maintaining.

Knowledgeable, Timely Assistance

DESIGNATE A LEAD AGENCY OFFICIAL

It is interesting to note that the Act requires each Federal agency to develop and implement a plan that designates a lead agency official for carrying out the responsibilities of the Act.

1.   **Problem Resolution** - Although New York State enjoys a close working relationship with persons responsible for payment management, generally these persons are powerless to assist grant recipients in the timely resolution of problems experienced with award discrepancies. Discrepancies we report to PMS are rarely resolved on a timely basis, since these must be forwarded to Federal program officials who seldom provide responses in a timely manner, if at all. Oftentimes, years pass before discrepancies are resolved. This causes unnecessary and excessive efforts by persons responsible for payment systems, at both the State and Federal level, who are trying to get answers to problems or questions. We look forward to receiving notification of the name, title, phone number and e-mail address of lead Federal agency officials since award discrepancies must be resolved prior to the complete conversion to electronic payment systems. A standard should be developed as part of this process to address unresponsiveness. For example, if the Federal Government fails to respond within xx days, discrepancies are resolved in the State's favor. If a response is received disputing the State's assertions, xx additional days are provided before resolution occurs.

2.   **New Systems - Trained and Experienced Personnel -** As noted previously, when EDGAPS was brought on-line, NYS changed the manner in which it accounts for and provides reports for DOE grants. *The most significant problem* we experienced during our transition to EDGAPS was the *failure of Federal officials to provide trained and experienced personnel* to assist us whenever we experienced difficulties with their new system. Although a telephone line was created for recipients to call with questions, the persons manning these phones were not Federal employees with formal training in EDGAPS. Virtually 100% of the time our queries were passed along to multiple DOE personnel and responses were received days and weeks after our initial contact. We had similar experiences when HUD implemented their IDIS system and used consultants who were only vaguely familiar with IDIS. As Federal agencies transition to new, more effective systems, we strongly urge each Federal agency to assign a trained and experienced, liaison for grant recipients to contact with questions or problems they encounter.

3.   **New Systems - Server Capacity and Service Provider Disruptions -** Based on our experience with EDGAPS we strongly urge Federal officials to recognize that electronic systems are ballooning and have become a substantial and sustained part of doing business. It is critical that future business needs be planned for so that users from across the country have ready access to grant and payment management systems. Providing high quality, easy to use integrated grant and payment systems will assist NYS agencies in utilizing on-line application and reporting systems.

4.   Contingency plans must be developed and implemented whenever access to electronic systems is not possible due to technical difficulties or failures. Such plans must include provisions for grant recipients to phone in, dial in or FAX drawdown requests to payment officials whenever service is disrupted for more than 24 hours.

V.   General Comments

1.   There should be greater involvement of recipients in the development and implementation of integrated systems and other implementation efforts. We recommend that States have additional opportunities to provide advice and consultation.

2.   The current set of questions asked in the January 2001 Federal Register notice do not completely address State grant award issues. For example, although we provide a response to the questions in the Register, our desire for the integration of grant and payment systems is not fully encompassed by the questions.   Therefore, we expanded on those questions related to payment systems and electronic processing to incorporate our comments on this critical issue.

3.   Budget reports made by grantees should be modified to permit grantees greater discretion in reporting costs and flexibility in changing budget categories.

4.   OMB Circular A-87, Attachment A, Part 3 appears ambiguous as written.   Determining which rules apply in calculating allowable costs for subgrantees for States is difficult. We recommend this part be restated in a format that is easier to follow.

5.   As the Federal Government looks at possible revisions to OMB circulars, we would encourage standardization in the cost principles for not-for-profits and local governments.

6.   Also, we would like to see some change in the requirements for documentation of staff time spent on different Federal programs. Under the current requirements, our time allocation system is supposed to capture time spent working on different programs even when the personal services amount charged to the grant is minimal (e.g., $5,000 - $10,000).

These comments are a compilation of responses received from NYS agencies. Staff from the following NYS agencies were major contributors:

Office of the State Comptroller	Department of Health
Office for Technology	Division of the Budget
Department of Labor	State Emergency Management Office
Department of Correctional Services	Education Department
State University of New York	Office of Temporary and Disability Assistance
Office for the Aging	Office of Children and Family Services

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Request for Comment   **Attachment A**
Interim/Draft Plan of Action to Implement Public Law 106-107,
The Federal Financial Assistance Management Improvement Act of 1999

Federal Agency	Grant Management System	Payment Management System
Education	EDGAPS - Education Grants Administration and Payment System Pell Grants – electronic data exchange	EDGAPS - Education Grants Administration and Payment System
Health and Human Services	PMS 272 - Quarterly Federal Cash Transaction Report (paper based)	SMARTLINK (Internet access)
Housing & Urban Dev (HUD)	Integrated Disbursement and Information System (IDIS)	LOCCS - Line of Credit Control System (telephone voice response) Integrated Disbursement and Information System (IDIS)
Federal Emergency Management Agency (FEMA)	National Emergency Management Information System (NEMIS) interface with Integrated Financial Management Information System (IFMIS)	SMARTLINK (Internet access)
USDA-Food & Nutrition Service (FNS)	State Cooperative Data Exchange	ASAP - Automated Standard Application for Payment System
Energy		SMARTLINK (Internet access)
Labor	Employment and Training Administration (ETA) Grantee reporting system	SMARTLINK (Internet access)
Transportation		MARAD/EFT (Fax)

Transportation – FAA
      – FRA
      – UMTA
		Tele Software

Federal Agency	Grant Management System	Payment Management System
National Park Service		SMARTLINK (Internet access)
CNCS		SMARTLINK (Internet access)
Environmental Protection Agency (EPA)		ASAP - Automated Standard Application for Payment System
Justice	Office of Justice Programs Grant Management System (GMS)	PAPRS – Phone Activated Paperless Request System LOCES – Letter of Credit Electronic Service SCAAP – (Internet based) SMARTLINK (Internet access)
Commerce		FADS - Federal Assistance Disbursement System